

## **VERMONT STATE TEACHERS' RETIREMENT SYSTEM**

Meeting of the Board of Trustees

**October 26, 2010**

### **Members present:**

JON HARRIS, Chairperson (Active No. 25669), term expiring July 1, 2011  
JOSEPH MACKEY, Vice-Chairperson, VRTA representative, term expiring July 1, 2012  
LINDA DELIDUKA, VRTA Alternate representative, term expiring July 1, 2012  
THOMAS MCCONNELL, Active Member Representative, term expiring July 1, 2013  
THOMAS CANDON, representing Commissioner of BISHCA  
VAUGHN ALTEMUS, representing Commissioner of Education  
JEB SPAULDING, VT State Treasurer

### **Members absent:**

None

### **Also attending:**

Cynthia Webster, Director of Retirement Policy and Outreach & Executive Secretary to the Board  
Elizabeth Pearce, Deputy VT State Treasurer  
Stephen Wisloski, Director of Investment and Debt Management  
David Driscoll, Buck Consultants  
Hope Manion, Buck Consultants  
Stephen Rauh, Chairperson of VPIC  
Monica Chiren, Assistant to Cynthia Webster

The Chairperson, Jon Harris, called the Tuesday, October 26, 2010, meeting to order at 2:10 p.m., which was held in the Governor's Conference Room, 109 State Street, Montpelier, VT.

### **ITEM 1:      **Review/Act on FY '10 Actuarial Valuation****

Mr. Driscoll provided the reasoning behind the yearly actuarial valuation report. Mr. Driscoll briefly described GASB Standards. Mr. Driscoll indicated questions are welcomed at any time during the report.

David Driscoll presented the results of the actuarial valuation for the fiscal year ending June 30, 2010. Mr. Driscoll answered the questions posed by the Board. There was a discussion concerning the smoothing method. There was a discussion concerning the changes that came into effect July 1, 2010. There was a discussion about the assumption rate and the upcoming experience study. There was a discussion about the negative COLA for calendar year 2010.

There was a discussion of the difference in funding methods for accounting purposes of the State system and the Teacher system. Mr. Driscoll indicated he will do whatever the Board decides, but that a discussion should be held with the people who deal with the financial statements to see what they require.

(Mr. Rauh left the meeting at this time.)

The Board discussed their responsibility with regard to the Actuarial Valuation report.

**On motion by Mr. Altemus, seconded by Mr. McConnell, the Board unanimously voted to accept the FY '10 *Actuarial Valuation* report as presented, and forward to the Governor the contribution recommendations of \$51,241,932 for FY '12 and \$53,751,159 for FY '13.**

A discussion ensued about the valuation of assets, as well as about the funding method that is currently being used for the employer share of retiree health care.

**On motion by Mr. Spaulding, seconded by Mr. Candon, the Board voted to request that the actuary provide a letter concerning the appropriateness and impacts of the current method of funding the employer share for retiree health care. Mr. Spaulding, Mr. Candon, Mr. Altemus, and Mr. McConnell voted aye. Mr. Mackey and Mr. Harris voted nay. The motion passed.**

(A recess was taken at 3:50 p.m. At 4:05 p.m., Mr. Mackey, the Vice-Chairperson, called the meeting back to order.)

(Mr. Harris, Mr. Driscoll, Ms. Pearce and Mr. Wisloski were not present at this time.)

**ITEM 3:      Review 2010 OPEB Update**

Hope Manion introduced herself and gave a brief background of her work with OPEB's. Hope Manion provided a review of the *Report on the Actuarial Valuation of Post Retirement Benefits of the Vermont State Teachers' Retirement System* for Board discussion. There was a discussion concerning GASB.

(Mr. Harris, Mr. Driscoll and Ms. Pearce entered the meeting during this item.)

There was a discussion concerning the changes that became effective July 1, 2010. There was a discussion how other systems fund OPEB's. There was a discussion that the charts on pages 13 and 14 would be removed from next year's report. There was a discussion about the Health Care Reform Act. Ms. Manion apologized for having to leave the meeting early, but informed the Board she would welcome any questions via a telephone call or by email.

(Ms. Manion left the meeting at this time.)

There was a discussion about the assumed rate of return.

**ITEM 4:      Any other business to come before the Board**

Mr. Harris reminded the Board members the next meeting would be an in-house meeting on Tuesday, November 9, 2010 at 9:00.

**ITEM 5:      Adjournment**

**On motion by Mr. McConnell, seconded by Mr. Spaulding, the Board unanimously voted to adjourn at 4:40 p.m.**

**Next Meeting Date:**

The next scheduled VSTRS in-house meeting is November 9, 2010.

Respectfully submitted,

Cynthia L. Webster  
Executive Secretary to the Board